

Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena MT 59620-2601

March 24, 1997

For more information, contact:
Karen Hammel - 406-444-6179
Mike Sheard - 406-444-6189

PSC ISSUES ORDER IN AT&T/US WEST ARBITRATION CASE

AT&T may offer local phone service in Montana if it chooses to as a result of an order issued last week by the state Public Service Commission that should lead to an interconnection agreement between US West Communications and AT&T.

The federal Telecommunications Act of 1996 opened up local telephone markets to competition. Soon after the law was passed, AT&T began negotiating an agreement with US West to allow AT&T to provide local phone service in US West's Montana service area. When private negotiations failed to produce an agreement, AT&T asked the PSC last November to arbitrate the hundreds of unresolved issues between the two companies. Over 700 issues were included initially in AT&T's petition for PSC arbitration, but the list had been pared to 82 by the time the arbitration hearing began on February 4. The PSC order covers a wide spectrum of issues, ranging from how and where US West and AT&T will share space and facilities and at what cost, to whether US West must make its switch functions available to AT&T on an individually purchased basis as well as resale, to how AT&T can ensure US West provides it the same level of service quality that US West provides to its own customers.

The federal Act requires companies like US West to make all components of its network available as separate elements to companies like AT&T to use to provide telephone services. In this order, the PSC established prices that AT&T will pay for the use of US West's network elements. For example, if AT&T wanted to use its own switches, but did not want to construct its own telephone lines, it can use US West's lines to connect to customers. The PSC set the price for these lines at \$27.41 per month.

Another major pricing issue -- the wholesale discount rate -- was resolved by the commission's decision to allow AT&T to purchase any of US West's retail services at an 18 percent discount off US West's retail rate so that AT&T may resell those services to local customers in direct competition with US West.

The rates established by the PSC in this order are temporary, pending the conclusion of a separate proceeding on pricing issues to be initiated by the commission.

The commission directed the companies to incorporate the arbitration decisions into their interconnection agreement and bring the final agreement back for PSC approval. Once that's done, AT&T may compete with US West for local phone customers. AT&T has not indicated when it will enter the local phone service market in Montana

Both US West and AT&T have 20 days from the date of the order to seek
reconsideration
by the PSC. ###